

State of California

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Legislative Change No.

05-24

Bill Number: SB 229

Author: Figueroa

Chapter Number: 05-658

Laws Affecting Franchise Tax Board: Business and Professions Code Section 22253.2
Revenue and Taxation Code Section 19167

Date Filed with the Secretary of the State: October 7, 2005

SUBJECT: The Franchise Tax Board (FTB) To Assess Penalty On Tax Preparers Not Registered With California Tax Education Council (CTEC).

Senate Bill 229 (Figueroa), as enacted October 7, 2005, made the following changes to California law:

Section 22253.2 of the Business and Professions Code (B&PC) is amended.

This act removes FTB's authority to enforce the penalties for violating the rules governing Tax Preparers and places it with other government entities.

Section 19167 of the Revenue and Taxation Code is amended.

This act authorizes FTB to impose a penalty on Tax Preparers who fail to register with CTEC as required under the B&PC. Unless the failure to register was due to reasonable cause and not willful neglect, the penalty would be in the amount of \$2,500 for the first failure. Any subsequent failures would result in a penalty of \$5,000.

This act provides that the initial penalty would be waived if, within a period of 90 days from the date of notification of the penalty, the preparer provides proof of registration to FTB. This act specifies that FTB would not begin imposing the penalty until an appropriation is received or an agreement is executed between FTB and CTEC outlining reimbursement of FTB's costs associated with that activity.

This act is effective on January 1, 2006, and operative as of that date.

This act will not require any reports by the department to the Legislature.

Bureau Director

Jana Howard for Brian Putler

Date

11/17/05